

Message Text

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DRAFTED BY DOE/IA: I WILLIAMS/OES/NET/EIC:RRDELABARRE:BJB
APPROVED BY OES/NET/EIC: D H COOPER
EUR/SOV: J COLBERT
EUR/RPE: W SALISBURY
ACDA: R WILLIAMSON
PM/NPP: COL. STEINER
EB/EWT:P BLAKEBURN

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C O N F I D E N T I A L STATE 141343

USIAEA

E.O. 11652: GDS

TAGS: TECH,ENGR, UR, YO

SUBJECT: W.J. WOOLLEY COMPANY LICENSING AGREEMENT WITH
DJURO DJAKOVIC YUGOSLAVIA - PROPOSED SALES TO USSR

REFS; A. STATE 091710, B. MOSCOW 08390, C. 04046 VIENNA,
D. BELGRADE 3278

1. IN LIGHT OF REF B CONCERNS, WE WISH TO EMPHASIZE THE
NATURE OF EQUIPMENT WHICH DJAKOVIC PLANS TO MANUFACTURE,
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UNDER LICENSE FROM WOOLLEY, AND SUPPLY THRU INTERATOMERGO
FOR USSR INSTALLATIONS. EQUIPMENT TO BE SUPPLIED RELATES
TO HARDWARE FOR CONTAINMENT VESSELS AND PENETRATION
ASSEMBLIES SUCH AS DOORS, AIRLOCKS, EQUIPMENT HATCHES,
PERSONNEL ARILOCKS, ELECTRICAL AND PIPING PENETRATION HARD-
WARE. EQUIPMENT DOES NOT REPEAT NOT, INCLUDE ANY SENSITIVE
EQUIPMENT SUCH AS COMPONENTS OF NUCLEAR STEAM SUPPLY SYSTEM

INCLUDED ON NUCLEAR SUPPLIER GUIDELINE TRIGGER LIST. THE NATURE OF EQUIPMENT TO BE SUPPLIED UNDER THE LICENSING ARRANGEMENT BETWEEN WOOLLEY AND DJURO DJAKOVIC WAS CAREFULLY CONSIDERED ON AN INTERAGENCY BASIS PRIOR TO TRANSMISSION REFTEL A.

2. IN VIEW OF RESPONSES TO REF A. AND RECENT DISCUSSIONS WITH SCIENCE COUNSELORS IN WASHINGTON, WE HAVE CONCLUDED THAT THIS MATTER SHOULD BE HANDLED ON A BILATERAL BASIS VIA EMBASSY MOSCOW.

3. WE WOULD APPRECIATE EMBASSY MOSCOW APPROACHING SOVIETS IN EFFORT TO OBTAIN GENERIC ASSURANCE THAT ALL WOOLLEY LICENSED EQUIPMENT ORDERED FROM DJAKOVIC WILL BE USED ONLY IN REACTORS WHICH ARE USED EXCLUSIVELY FOR PEACEFUL PURPOSES. IT SHOULD BE EMPHASIZED TO SOVIETS THAT USG HAS REQUIRED THAT REACTOR INSTALLATIONS IN ALL OTHER COUNTRIES WHICH ARE TO BE SUPPLIED UNDER THIS LICENSING AGREEMENT BE SUBJECT TO IAEA SAFEGUARDS AND THAT USG WOULD PREFER TO DO THE SAME IN THIS CASE; HOWEVER, SINCE THE USSR IS A NUCLEAR WEAPONS STATE, A PEACEFUL USE ASSURANCE WOULD BE ACCEPTABLE AS A MINIMUM CONDITION FOR EXPORT OF THIS EQUIPMENT TO THE USSR.

4. WITH REGARD TO CONCERN ABOUT POSSIBLE REEXPORT CITED PARA 2 REF B, LICENSING AGREEMENT AUTHORIZATION INCLUDES CONFIDENTIAL

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PROVISO (CITED PARA 1.A. REF A) THAT IAEA SAFEGUARDS WILL APPLY WITH RESPECT TO REACTOR FACILITIES CONSTRUCTED IN NON-NUCLEAR WEAPON STATES USING TECHNOLOGY, TECHNICAL ASSISTANCE OR EQUIPMENT SUPPLIED BY DJAKOVIC UNDER LICENSING AGREEMENT WITH WOOLLEY, AND WITH RESPECT TO ALL SPECIAL NUCLEAR MATERIAL GENERATED THEREIN. WE WOULD EXPECT THE USSR TO ADHERE TO THESE CONDITIONS ON REEXPORTS AND TO FOLLOW STANDARD SUPPLIER PRACTICES EVEN THOUGH ITEMS ARE NOT ON NUCLEAR SUPPLIER TRIGGER LIST.

5. DJAKOVIC AND WOOLLEY ARE ANXIOUS TO PROCEED WITH IMPLEMENTATION OF LICENSE AGREEMENT AND SALES; HOWEVER, ACTIVITIES CANNOT PROCEED WITHOUT MEETING CONDITIONS CITED REF A., I.E., PEACEFUL USE ASSURANCE OR IAEA SAFEGUARDS.

6. EMBASSY REPORT OF SOVIET REACTION ASAP WOULD BE APPRECIATED. VANCE

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